

TERMS OF REFERENCE

*The Hon. David Jull MP
Minister for Administrative Services*

*Parliament House
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Mr C R Rye AM
Chairman
Commonwealth Grants Commission
Cypress Court
5 Torrens Street
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Dear Mr Rye

I am writing to provide the Commonwealth Grants Commission with terms of reference for an inquiry into the economic capacity of, and financial arrangements and government services in relation to, Norfolk Island.

The *Norfolk Island Act 1979* (the Act) confers a substantial degree of self government on the Island which is broadly comparable to that in the ACT and Northern Territory but includes some matters normally reserved to the Commonwealth. A range of powers have gradually been extended to the Norfolk Island Government since the commencement of the Act and there was an intention that consideration would be given to a review of the powers under the Act within a period of 5 years of its commencement.

The appropriate range of powers and the final form of self government for the Island is an issue which is debated in the Legislative Assembly from time to time. Responsibility for specific powers which are currently 'reserved' to the Commonwealth, such as land, are currently the subject of consideration between the Norfolk Island Government and the Commonwealth.

Norfolk Island essentially has a single industry economy based on tourism. The Norfolk Island Government is actively looking for ways to diversify its economic base and generate

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capital finance. Other economic prospects which have been raised with the Norfolk Island government include 'high tec' industries.

The Commonwealth and the Norfolk Island Governments believe as a prerequisite, there should be an assessment of the Island's financial and economic capacity to deal with industries of this nature and any expanded range of powers and functions under the Act.

The terms of reference are as follows:

Pursuant to section 16C of the *Commonwealth Grants Commission Act 1973*, I request the Commission to provide independent advice on Norfolk Island's economic capacity, financial and administrative arrangements and government services, including:

- (i) capacity to meet obligations associated with current and future government functions that might be associated with an extension of the degree of self-government;
- (ii) the capacity to fund the Island's current and foreseeable infrastructure requirements (including its ability to service loans); and
- (iii) government services available on Norfolk Island including the contribution of the community towards those services and the capacity of the Island to maintain services at an appropriate level.

The Commission is to complete its inquiry and report by the end of August 1997.

I have provided a copy of this correspondence to the Treasurer, the Minister for Finance, the Minister for Sport, Territories and Local Government and the Head of the Norfolk Island Government, the Hon Mike King MLA.

Yours sincerely

DAVID JULL